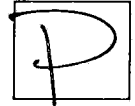


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01774A  
Picacho Water Improvement  
PO Box 44  
Picacho, AZ 85421

*Alfred J. Smith*

*APR 11 2008*

*State of AZ*

*Sec 10 James*

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
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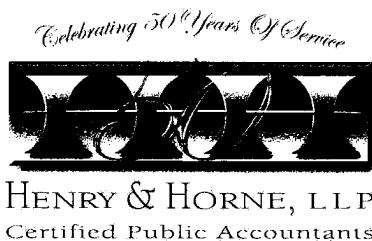
FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

*4-11-08*

SCANNED



Board of Directors  
Picacho Water Improvement Corp.  
Picacho, Arizona 85241

We have compiled the income and balance sheet information-income tax basis of Picacho Water Improvement Corporation, as of December 31, 2005 and 2006 and the related comparative statements of income and expenses-income tax basis for the years then ended, included in the accompanying prescribed form, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form. The financial information has been prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our compilation was limited to presenting in the form prescribed by the Arizona Department of Revenue information that is the representation of management. We have not audited or reviewed the financial information and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The financial information and supplementary information are presented in accordance with the requirements of the Arizona Department of Revenue Property Tax Function, which differ from income tax basis of accounting. Accordingly, the financial information and supplementary information are not designed for those who are not informed about such differences.



January 29, 2008

Tempe  
2055 E. Warner Road  
Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-1749

Scottsdale  
7098 E. Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

Casa Grande  
711 E. Cottonwood Lane  
Suite C  
Casa Grande, AZ 85222-2725  
(520) 836-8201  
Fax (520) 426-9432

Pinetop  
Post Office Box 527  
Pinetop, AZ 85935-0527  
(928) 367-2591  
Fax (928) 367-3501

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Picacho Water Improvement Corporation</u>		
<b>Mailing Address</b> <u>P O Box 44</u>		
<u>Picacho</u> (City)	<u>AZ</u> (State)	<u>85241</u> (Zip)
<u>(520) 466-3787</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>Same</u>		
<u>(Street)</u>		
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Ed Kile</u>			
<u>(Name)</u>		<u>Manager</u> (Title)	
<u>P O Box 44</u> (Street)	<u>Picacho</u> (City)	<u>AZ</u> (State)	<u>85241</u> (Zip)
<u>(520) 466-3787</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> <u>Ed Kile</u>			
<u>(Name)</u>			
<u>P O Box 44</u> (Street)	<u>Picacho</u> (City)	<u>AZ</u> (State)	<u>85241</u> (Zip)
<u>(520) 466-3787</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Ed Kile

(Name)

P O Box 44

(Street)

Picacho

(City)

AZ

(State)

85241

(Zip)

(520) 466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Robert Lynch

(Name)

340 E Palm Ln

(Street)

Phoenix

(City)

AZ

(State)

85004

(Zip)

(602) 254-5908

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME** Picacho Water Improvement Corporation

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		700
304	Structures and Improvements	933	933	-0-
307	Wells and Springs	7,479	5,068	2,411
311	Pumping Equipment	80,381	75,516	4,865
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619	25,619	-0-
331	Transmission and Distribution Mains	61,778	61,778	-0-
333	Services	4,320	4,187	133
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555	1,555	-0-
341	Transportation Equipment	9,145	9,245	-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251	3,251	-0-
	<b>TOTALS</b>	<b>195,261</b>	<b>187,152</b>	<b>8,109</b>

This amount goes on the Balance Sheet Acct. No. 108

See Accountant's Report

**COMPANY NAME**

Picacho Water Improvement Corporation

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7,475	20%	225
311	Pumping Equipment	80,381	20%	850
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619		
331	Transmission and Distribution Mains	61,778		
333	Services			
334	Meters and Meter Installations	4,320	20%	51
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555		
341	Transportation Equipment	9,245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251		
	<b>TOTALS</b>	<b>195,261</b>		<b>1,126</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

See Accountant's Report

**COMPANY NAME**

Picacho Water Improvement Corporation

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 28,544	\$ 11,715
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	4,662	8,361
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	325	325
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 33,531	\$ 20,401
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 195,261	\$ 195,261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	186,026	187,152
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 9,235	\$ 8,109
	<b>TOTAL ASSETS</b>	\$ 42,766	\$ 28,510

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

See Accountant's Report

**COMPANY NAME**

Picacho Water Improvement Corporation

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	7,522	8,853
236	Accrued Taxes	992	341
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 8,514	\$ 9,194
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 11,393	\$ 10,491
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$ 19,907	\$ 19,685
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 13,339	\$ 13,339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	9,520	( 4,514)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 22,859	\$ 8,825
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 42,766	\$ 28,510

See Accountant's Report



**COMPANY NAME**      Picacho Water Improvement Corporation

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 52,643	\$ 61,598
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 52,643	\$ 61,598
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	9,670	10,547
618	Chemicals		
620	Repairs and Maintenance	6,060	30,169
621	Office Supplies and Expense	1,841	617
630	Outside Services	17,021	18,956
635	Water Testing	2,465	1,157
641	Rents		
650	Transportation Expenses		
657	Insurance -- General Liability	100	830
659	Insurance - Health and Life		
666	Regulatory Commission Expense -- Rate Case		
675	Miscellaneous Expense	3,835	2,506
403	Depreciation Expense	1,126	1,126
408	Taxes Other Than Income	3,493	6,346
408.11	Property Taxes	4,657	2,407
409	Income Tax	715	50
	<b>TOTAL OPERATING EXPENSES</b>	\$ 50,983	\$ 74,711
	<b>OPERATING INCOME/(LOSS)</b>	\$ 1,660	\$ (13,113)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 62	\$ 87
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	826	1,009
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ ( 764)	\$ ( 922)
	<b>NET INCOME/(LOSS)</b>	\$ 896	\$ (14,035)

See Accountant's Report

COMPANY NAME

Picacho Water Improvement Corporation

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10-28-03	03-1-06		
Source of Loan	Great Western Bank	Mrs Holmes		
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 15,000	\$ 5,000	\$	\$
Amount Outstanding	\$ 5,491	\$ 5,000	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$ 3,503	\$ -0-	\$	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

<b>COMPANY NAME</b>	Picacho Water Improvement Corporation
<b>Name of System</b>	ADEQ Public Water System Number (if applicable)

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
622043	40	300	14"	20"	6"	1961
622044	25	65	12"	10'	3"	1961

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	1	7,500	1

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b>	Picacho Water Improvement Corporation
<b>Name of System</b>	<b>ADEQ Public Water System Number (if applicable)</b>

### **WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

<b>MAINS</b>		
<b>Size (in inches)</b>	<b>Material</b>	<b>Length (in feet)</b>
2		
3		
4		3000
5		
6		5,000
8		6,000
10		
12		

<b>CUSTOMER METERS</b>	
<b>Size (in inches)</b>	<b>Quantity</b>
5/8 X 3/4	
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:**

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**STRUCTURES:**

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**OTHER:**

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME Picacho Water Improvement Corporation YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 2,407

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

See Accountant's Report

# Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer

e-mail: treasurer@co.pinal.az.us

Paid By: PICACHO WATER IMPROVEMENT CORP  
ARLENE KILE/SEC-TREAS

P O BOX 44  
PICACHO, AZ 85241

CNTR Barch: 2246151  
Payment Date: 6/14/2006  
Interest Date: 6/14/2006  
Printed By: TRSTAD  
DUPLICATE Printed: 8/03/2006

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
920-13-30801	2005 Taxes	2,342.64		
	2005 Int/Fee	64.86		
	Paid	2,407.50	32.46	08/31/2006
			32.87	09/30/2006
			33.28	10/31/2006
	<b>Total Paid</b>	<u>2,407.50</u>		
TOTAL VALUE OF OPERATING PROPERTY				
411-20-037	258 411-23-025			
073	411-23-047 9,985			

**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <u>Pinal</u>
NAME (OWNER OR OFFICIAL) TITLE <u>David K Holmes</u>
COMPANY NAME <u>Picacho Water Improvement Corporation</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  DAY OF

(SEAL)

COUNTY NAME	
MONTH	.20__

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

**COMPANY NAME** Picacho Water Improvement Corporation **YEAR ENDING 12/31/2006**

## INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	(14,035)
Estimated or Actual Federal Tax Liability	-0-

State Taxable Income Reported	(14,035)
Estimated or Actual State Tax Liability	<u>50</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

## CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

**SIGNATURE**

DATE \_\_\_\_\_

PRINTED NAME \_\_\_\_\_

**TITLE**



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) David K Holmes	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ 54,751
--

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 4,102  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

--

**DAY OF**

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

**(SEAL)**

**MY COMMISSION EXPIRES**

**X**

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC